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Tangipahoa Parish Tax Collector
Amite, Louisiana

Financial Statements

June 30, 2001

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Release Date JAN 9 2002

**Tangipahoa Parish Tax Collector
Amite, Louisiana**

**Financial Statements
With Supplemental Information Schedules
As of and for the Year Ended June 30, 2001**

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Independent Auditor's Report

The Honorable Sheriff, J. Edward Layrisson
Tangipahoa Parish Sheriff and Ex-Officio Tax Collector
Amite, Louisiana

We have audited the accompanying financial statements of the Tax Collector Agency Fund of the Tangipahoa Parish Sheriff and Ex-Officio Tax Collector as of and for the year ended June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the Tangipahoa Parish Sheriff and Ex-Officio Tax Collector's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Tax Collector Agency Fund and are not intended to present fairly the financial position and results of operations of the Tangipahoa Parish Sheriff and Ex-Officio Tax Collector in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tax Collector Agency Fund of the Tangipahoa Parish Sheriff and Ex-Officio Tax Collector as of June 30, 2001 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2001 on our consideration of the Tangipahoa Parish Sheriff and Ex-Officio Tax Collector's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Our audit was performed for the purpose of forming an opinion on the financial statements of the Tax Collector Agency Fund of the Tangipahoa Parish Sheriff and Ex-Officio Tax Collector taken as a whole. The supplemental information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Tax Collector Agency Fund of the Tangipahoa Parish Sheriff and Ex-Officio Tax Collector. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

August 18, 2001

**Tangipahoa Parish Tax Collector
Amite, Louisiana**

Statement A

**Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2001**

	<u>Balance 07/01/00</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/01</u>
Assets				
Cash	\$ 97,345	\$ 20,262,354	\$ 20,213,660	\$ 146,039
Receivables	290	96	-	386
	<u>\$ 97,635</u>	<u>\$ 20,262,450</u>	<u>\$ 20,213,660</u>	<u>\$ 146,425</u>
 Liabilities				
Due to Taxing Bodies & Others	<u>\$ 97,635</u>	<u>\$ 20,262,450</u>	<u>\$ 20,213,660</u>	<u>\$ 146,425</u>

The accompanying notes are an integral part of these statements.

**Tangipahoa Parish Tax Collector
Amite, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2001**

Introduction

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Sheriff serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. As the ex-officio tax collector of the parish, the sheriff is responsible for collecting and distributing ad valorem property taxes, parish occupational licenses, state revenue sharing funds, sporting licenses, fines, costs, and bond forfeitures imposed by the district court.

Louisiana Revised Statute 24:514 requires that the accounts of each tax collector be audited annually. Accordingly, the accompanying statements and schedules reflect the Sheriff's fiduciary responsibility as ex-officio tax collector. Amounts included in this report are included in the Sheriff's annual component unit financial statements. The Tax Collector Fund is an agency fund of the Sheriff's component unit financial statements.

1. Summary of Significant Accounting Policies

1) Basis of Presentation

The basis of accounting for an agency fund is the modified accrual basis. The measurement focus is custodial, since the fund is not involved with the performance of governmental services.

The accounts of the tax collector are established to reflect the collections imposed by law, distributions pursuant to such law, and unsettled balances due various taxing bodies and others. The Tax Collector Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operation.

2) Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits and interest bearing demand deposit accounts. Under state law, the sheriff may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under laws of the United States. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

Investments are limited by Louisiana RS 33:2955 and the Sheriff's investment policy. If the original maturities of investments exceed ninety days, they are classified as investments; however, if the original maturities are ninety days or less, they are classified as cash equivalents.

The Sheriff maintains some investments in the Louisiana Asset Management Pool (LAMP), a non-profit corporation formed by an initiative of the state treasurer and organized under the laws of Louisiana to operate as a local government investment pool. LAMP invests its assets only in securities and other obligations permissible under Louisiana law for local governments.

LAMP is an external investment pool that is not registered with the SEC as an investment company, but nevertheless operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. GASB-31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires the reporting of investment positions in 2a7-like pools (such as LAMP) be based on the pool's share price.

**Tangipahoa Parish Tax Collector
Amite, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2001**

2. Deposit Funds

At June 30, 2001, the tax collector has cash and cash equivalents (book balances) totaling \$146,039 consisting of interest-bearing demand deposits. These funds are included as part of the total deposits of \$931,985 (book balances) of the Tangipahoa Parish Sheriff's Office at June 30, 2001 and consist of the following:

Demand Deposits	\$ 6,555
Interest-Bearing Demand Deposits	899,595
Louisiana Asset Management Pool (LAMP)	<u>25,835</u>
	<u>\$ 931,985</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2001, the sheriff has \$1,685,197 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$1,585,197 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the sheriff that the fiscal agent has failed to pay deposited funds upon demand.

3. Ad Valorem Taxes

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January and February of the fiscal year.

**Tangipahoa Parish Tax Collector
Amite, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2001**

4. Revenue Sharing Funds

State revenue sharing funds were distributed as follows:

Tangipahoa Parish:

Parish Council	\$ 70,568
Garbage Maintenance District # 1	175,242
School Board	129,742
Assessor	124,256
Drainage Districts	85,003
Fire Protection Districts	388,282
Library	146,870
Health Unit	106,422
Port Commission	40,132
Ponchatoula Recreation District	77,284
Independence Recreation District	21,666
Florida Parish Juvenile District	79,818
Pension Funds	36,331

Sheriff:

Law Enforcement District	272,975
Commissions	263,738
	<u>\$ 2,018,329</u>

5. Taxes Paid Under Protest.

At June 30, 2001, there was a total of \$140,436, including accumulated interest income, deposited in the protested taxes account, pending determination of suits seeking recovery of the taxes.

6. Litigation

The Tangipahoa Parish Sheriff is involved in several lawsuits. In the opinion of the Sheriff's legal counsel, resolution of these lawsuits would not involve a liability to the Tangipahoa Parish Tax Collector's office.

Supplemental Information Schedules

Tangipahoa Parish Tax Collector
Amite, Louisiana

Schedule 1

Schedule of Collections, Settlements, and Cash Balances
For the Year Ended June 30, 2001

Cash Balance at July 1, 2000		
Due to Taxing Bodies and Others		\$ 97,635
Collections		
Ad Valorem Taxes	\$ 17,002,240	
Prior Year Taxes	97,689	
Clerk of Court	4,603	
Angling, Hunting, and Trapping Licenses	19,731	
Parish Licenses	370,963	
Interest on Delinquent Taxes	65,971	
State Revenue Sharing (Note 4)	2,018,329	
Hotel / Motel Tax	208,294	
Tax Notices, Costs, Etc.	115,885	
Refunds and Redemptions	191,524	
Interest Earned on Interest Bearing Accounts	48,583	
Protested Taxes	114,635	
Louisiana Tax Commission	4,003	
Total Collections		20,262,450
Settlements		
Louisiana Department of Wildlife and Fisheries	19,751	
Louisiana Forestry Commission	19,106	
Tangipahoa Parish:		
Parish Council	1,839,453	
School Board	3,759,445	
Sheriff	4,578,211	
Assessor	1,112,167	
Tourist Commission	197,794	
Clerk of Court	4,603	
Drainage Districts	1,815,184	
Recreation Districts	522,193	
Fire Protection Districts	2,195,977	
Library	1,298,904	
Health Unit	921,621	
Port Commission	377,067	
Hammond Development District	116,041	
Florida Parish Juvenile District	693,405	
Refunds and Redemptions	191,524	
Pension Funds	496,168	
Protested Taxes	51,033	
Louisiana Tax Commission	4,013	
Total Settlements		(20,213,660)
Cash Balance at June 30, 2001		
Due to Taxing Bodies and Others		\$ <u>146,425</u>

The accompanying notes are an integral part of these statements.

**Tangipahoa Parish Tax Collector
Amite, Louisiana**

Schedule 2

**Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2001**

Section I - Internal Control and Compliance Material to the Financial Statements

No Findings for Section I.

Section II - Internal Control and Compliance Material to Federal Awards

No Findings for Section II.

Section III - Management Letter

Reference Number: 95-M1

Fiscal Year Finding Initially Occurred: 06/30/95

Description of Findings: We had noted in prior year audits, that the programming changes required to record all collections of the "Taxes Other" account of the Tax Collector Agency Fund, had not been implemented. Management had requested that the changes be made, but changes were not completed by the programmer. Response by management was that they would give the programmer a final deadline for completing the required programming changes.

Corrective Action Taken: Partial

Description of Partial Corrective Action Taken: As noted in prior fiscal years, we were unable to finalize changes during the fiscal year. However, we maintained a separate general ledger as a control to ensure that taxes were properly disbursed. Our plans are to schedule the programming and to determine if reimbursement of costs from tax distributions is allowable under Louisiana Revised Statute 33:4713.

TANGIPAHOA PARISH TAX COLLECTOR

Amite, Louisiana

Schedule 3

Corrective Action Plan for Current Year Audit Findings For the Year Ended June 30, 2001

Section I - Internal Control and Compliance Material to the Financial Statements

Reference Number: 2001-C1

Description of Findings: In the review of the current taxes account, we noted that the summary quietus presentation indicated that there was an over-disbursement of \$8,087 in tax collections. This amount of \$8,087 was the net amount obtained after adding in the total for the "Grand Recap of Taxes Billed", adjusting for change orders, adjudications, and unpaid personal property taxes, and then subtracting out disbursement of property taxes and any current year protested taxes not disbursed at fiscal year end. In order to determine that tax disbursements were reasonable, we applied the following alternate procedures:

- 1) We met with the programmer for the tax collector to determine that summary totals were correct. No exceptions noted.
- 2) We reviewed the listing of change orders and accounted for any change orders not in sequence. The only change orders not listed in sequence (gaps in sequence) were for change orders that did not produce an additional tax—i.e., change in assessment value but unit is still tax exempt. All change orders were accounted for.
- 3) We reviewed duplicate change orders, and noted that in some cases, there were up to six entries correcting the input amounts for the same change order. Upon review, we found that errors in input were made by a previous employee, and that in each case, the final correcting entry corrected the total to match the source document total.
- 4) We input the totals in a separate accounting program and produced a lead schedule to match the receipt of each district's taxes and interest on delinquent taxes to corresponding expenditure accounts. In each case we were able to "zero out" the revenue to the related expenditure.
- 5) We once again reviewed any unsettled funds in the current taxes cash account at fiscal year end, and were able to identify all but immaterial remaining funds.

We noted in the review with the programmer that totals of change orders were not produced on a monthly basis to match back to source documents, and data on change orders and corrections to errors are not accumulated in the system and saved for periodic review. The need to accumulate this information was not previously noted, since there were no material errors in "zeroing out" taxes. Based on our review and accounting for current tax receipts and distributions, it is probable that the difference noted is likely due to input errors for change orders and the closing out of taxes at fiscal year-end. We recommend that the programmer immediately implement controls to accumulate data on change orders and any amount corrected or cleared from the tax roll, for monthly comparison to source documents and authorizations.

Corrective Action Planned (Response by Management): The recommended changes have been implemented by our programmer. We will monitor the changes and reconcile to source documents on a monthly basis.

Anticipated Completion Date: The programming changes are complete at this time.

Name of Contact Person: Sissy Daigle, Chief Deputy
Tangipahoa Parish Sheriff's Office
Courthouse Building
P.O. Box 942
Amite, Louisiana 70422.

(Continued)

TANGIPAHOA PARISH TAX COLLECTOR
Amite, Louisiana

Schedule 3

Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 2001

Section II - Internal Control and Compliance Material to Federal Awards

No Findings for Section II.

Section III - Management Letter

No Findings for Section III.

(Concluded)

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Sheriff, J. Edward Layrisson
Tangipahoa Parish Sheriff and Ex-Officio Tax Collector
Amite, Louisiana

We have audited the financial statements of the Tax Collector Agency Fund of the Tangipahoa Parish Sheriff and Ex-Officio Tax Collector as of and for the year ended June 30, 2001, and have issued our report thereon dated August 18, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Tangipahoa Parish Sheriff and Ex-Officio Tax Collector's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tangipahoa Parish Sheriff and Ex-Officio Tax Collector's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Tangipahoa Parish Sheriff and Ex-Officio Tax Collector in the *Summary Schedule of Prior Year Audit Findings* as reference number 95-M1 and in the *Schedule of Corrective Action Plan for Current Year Audit Findings* as reference number 2001-C1.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2001-C1 to be a material weakness.

This report is intended for the information of management, the Legislative Auditor, and the Federal Cognizant Agent. However, this report is a matter of public record and its distribution is not limited.



Bruce Harrell and Company, CPAs
A Professional Accounting Corporation

August 18, 2001